



CHICAGO HOUSING
AUTHORITY™

March 11, 2015

Item No. 9

AUTHORIZATION TO: 1) SUBMIT A DEVELOPMENT PROPOSAL AND EVIDENTIARY DOCUMENTS TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD); 2) COMMIT CHICAGO HOUSING AUTHORITY FUNDS NOT TO EXCEED \$8,025,000 FOR CITY GARDENS; 3) EXECUTE A GROUND LEASE WITH THE CITY GARDENS OWNER ENTITY ; 4) ENTER INTO A CONTRACT WITH LINN MATHES FOR ENVIRONMENTAL REMEDIATION ACTIVITIES AT THE CITY GARDENS REDEVELOPMENT SITE IN AN AMOUNT NOT TO EXCEED \$2,565,782; 5) APPROVE A TENANT SELECTION PLAN, LEASE, LEASE RIDERS AND BYLAWS FOR THE DEVELOPMENT TO BE KNOWN AS CITY GARDENS, AND AMEND THE CHA ADMISSIONS AND CONTINUED OCCUPANCY POLICY TO INCORPORATE SUCH DOCUMENTS AS AN ADDENDUM THERETO; AND 6) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners (Board) authorize the Chief Executive Officer (CEO) or his designee to: 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$8,025,000 for City Gardens; 3) Execute a Ground Lease with the City Gardens Owner Entity; 4) Enter into a contract with Linn Mathes for environmental remediation activities at the City Gardens redevelopment site in an amount not to exceed \$2,565,782; 5) Approve the Tenant Selection Plan, Lease, Lease Riders and Bylaws for the development to be known as City Gardens and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL #1

The proposed development supports CHA's corporate goal to reimagine the final Phase of the Plan for Transformation, coordinating public and private investments to develop healthy, vibrant communities.

FUNDING

Not to Exceed \$8,025,000 - Hope VI and CHA General Funds for Project Costs

Not to Exceed \$2,565,782 - CHA General Funds for Environmental Remediation

M/W/DBE & Section 3 PARTICIPATION: Compliance Affidavit on File

Direct ____% MBE ____% WBE ____% DBE ____%

Section 3

(#) Hiring _____ (\$) Subcontracting _____ (\$) Other Economic Opportunities

GENERAL BACKGROUND

City Gardens is a single phase, mixed income rental development to be built upon a vacant, CHA-owned single block (formerly known as Maplewood Courts, a city/state parcel) bounded by W. Jackson Boulevard, W. Van Buren Street, and S. Rockwell and S. Maplewood Avenues. City Gardens is located within the Rockwell Gardens revitalization area and will consist of 76 units comprised of 25 public housing units, 30 affordable and 21 market rate units. Eight total buildings include seven three-story walk up residential buildings and one building for property management offices and community spaces. The City Gardens' bedroom and income mix will consist of the following:

Unit Size	Avg. Sq. Ft.	Public Housing 50% AMI	Affordable 50% AMI	Affordable 60% AMI	Market Rate	Totals
1BR	800	5	1	7	7	20
2BR	1100	12	3	11	10	36
3BR	1350	6	1	7	4	18
4BR	1600	2	0	0	0	2
Totals		25	5	25	21	76

DEVELOPMENT ENTITIES

The developer for the City Gardens redevelopment, B-M Maplewood, LLC an Illinois limited liability company (Developer), is a joint venture of Brinshore Holding, LLC and Michaels Development Company 1, L.P. Both development teams were selected under CHA's Housing for Chicagoans Everywhere program and approved as the selected developer for the Maplewood Courts site by the Board on November 17, 2009. Developer will create an ownership entity to be the owner of the development and to execute the ground lease.

FINANCING

The total estimated development budget for the City Gardens rental development is approximately \$28,403,417 and includes the CHA Loan of approximately \$7,275,000 to be funded with a combination of HOPE VI and CHA General Funds. In addition, approximately \$1,282,891 of CHA General Funds will be provided for site remediation. Additional project sources include approximately \$750,000 of CHA General and HOPE VI Funds for The Habitat Company Administrative fees and costs, CHA Administration, Initial Operating Deficit Reserve, and Project Coordination/Additional Services fee.

REMEDIATION AGREEMENT

The estimated remediation costs for the City Gardens development is \$1,282,891. CHA's contractual responsibility for remediating foreseen and unforeseen environmental conditions is capped at 200% of this estimated total cost and equals \$2,565,782. The term of the remediation contract shall commence at closing and expire the earlier of (i) receipt of a 'No Further Remediation' letter from the Illinois Environmental Protection Agency (IEPA) or (ii) two years, subject to a one year extension at CHA's election. The required M/W/DBE participation commitment is 40% of the remediation cost to be incurred. Additionally, the contractor will meet or exceed its Section 3 requirement.

TENANT SELECTION PLAN

The proposed resolution is to approve the form of tenant selection plan, lease, and lease riders to be used for Rockwell Gardens replacement housing units at City Gardens. It is understood that the developer has an interest and desire to implement its own lease forms and policy that encourages consistent community standards for the effective management of its development.

CONCLUSION

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal regulations.

The Office of the General Counsel concurs with the recommendation to 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$8,025,000 for City Gardens; 3) Execute a Ground Lease with the City Gardens Owner Entity ; 4) Enter into a contract with Linn Mathes for environmental remediation activities at the City Gardens redevelopment site in an amount not to exceed \$2,565,782; 5) Approve the Tenant Selection Plan, Lease, Lease Riders and Bylaws for the development to be known as City Gardens and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The CEO/President recommends the approval to 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$8,025,000 for City Gardens; 3) Execute a Ground Lease with the City Gardens Owner Entity ; 4) Enter into a contract with Linn Mathes for environmental remediation activities at the City Gardens redevelopment site in an amount not to exceed \$2,565,782; 5) Approve the Tenant Selection Plan, Lease, Lease Riders and Bylaws for the development to be known as City Gardens and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

RESOLUTION NO. 2015-CHA-24

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated March 11, 2015 entitled "Authorization to: 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$8,025,000 for City Gardens development; 3) Execute a Ground Lease with the City Gardens Owner Entity; 4) Enter into a contract with Linn Mathes for environmental remediation activities at the City Gardens redevelopment site in an amount not to exceed \$2,565,782; 5) Approve the Tenant Selection Plan, Lease, Lease Riders and Bylaws for the development to be known as City Gardens and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing."

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to: 1) Submit a Development Proposal and Evidentiary documents to the United States Department of Housing and Urban Development (HUD); 2) Commit Chicago Housing Authority (CHA) funds not to exceed \$8,025,000 for City Gardens development; 3) Execute a Ground Lease with the City Gardens Owner Entity; 4) Enter into a contract with Linn Mathes for environmental remediation activities at the City Gardens redevelopment site in an amount not to exceed \$2,565,782; 5) Approve the Tenant Selection Plan, Lease, Lease Riders and Bylaws for the development to be known as City Gardens and amend the CHA Admissions and Continued Occupancy Policy to incorporate such documents as an addendum thereto; 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is subject to each Contractor's compliance with CHA's MBE/WBE/DBE, Section 3 resident hiring, bonding and insurance requirements.



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**AMENDMENT TO THE CHICAGO HOUSING AUTHORITY'S ADMISSIONS
AND CONTINUED OCCUPANCY POLICY—APPENDIX**

THE CHICAGO HOUSING AUTHORITY'S ADMISSION AND CONTINUED OCCUPANCY POLICY IS HEREBY AMENDED TO INCORPORATE AS ADDITIONAL APPENDICES THE FORM OF TENANT SELECTION PLAN, LEASE, LEASE RIDERS, AND BYLAWS FOR THE CITY GARDENS DEVELOPMENT. THESE FORMS SHALL BE APPENDED AFTER IMPLEMENTATION AND ADOPTION. THESE DOCUMENTS AMEND THE CHA'S ADMISSIONS AND CONTINUED OCCUPANCY POLICY WITH RESPECT TO PUBLIC HOUSING RESIDENTS THAT WILL RESIDE IN THE CITY GARDENS MIXED-INCOME/MIXED-USE COMMUNITY.

THE CHAIRPERSON OF THE BOARD OR THE CHIEF EXECUTIVE OFFICER IS HEREBY AUTHORIZED TO APPROVE ANY FINAL CHANGES IN THESE FORMS, INCLUDING, BUT NOT LIMITED TO, CHANGES BASED ON HUD REQUIREMENTS, OR RESULTING FROM ANY APPLICABLE NOTICE AND COMMENT PROCESS. SUCH APPROVAL SHALL CONSTITUTE CONCLUSIVE EVIDENCE OF THE BOARD'S APPROVAL OF ANY AND ALL SUCH CHANGES.